



**Testimony Opposing HB 5021
General Law Committee – Public Hearing
February 28, 2012**

Good day Senator Doyle, Representative Taborsak and members of the General Law Committee.

My name is Michael Nicastro and I am the President & Chief Executive Officer of the Central Connecticut Chambers of Commerce headquartered in Bristol. We serve more than 1500 businesses, smaller chambers and various trade associations in the 8 communities immediately surrounding our home city.

I appear before you today in opposition to HB 5021 An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees.

It is interesting to see the word "competitive" in the title of this bill. I say interesting because the nature and value of competition takes on many different connotations depending on which side of the competitive line your standing.

When legislatures draft or evaluate legislation that concerns the competitive process the first thing that should be made clear and concise is what the legislation is trying to accomplish. Once that goal is understood then a careful analysis should be made as to the benefits vs. the risks if the legislation should become law.

As it pertains to HB 5021 we are told that the legislation seeks to modernize our puritanical Blue Laws and as such it will make Connecticut more competitive. The most notable element of the legislation and best understood by the public being the allowance of Sunday sales.

The less spoken and more speculative benefit is the hoped for additional tax revenues that might be generated by the extra day of sales. It is not surprising that in a state still struggling with expenses and hamstrung by the inability to reduce personnel costs, even the slightest hint of potential new revenue can be very enticing. But as is often the case the devil is in the details.

Since time is limited I will address just one section in this bill. A section we believe requires intense scrutiny from this committee.

Section 10 (a) of HB 5021 allows for the increase from 2 to 6 in the number of alcoholic beverage retail permits. On the surface this section which purports to modernize our liquor business environment, in reality sets the stage to make the market unsustainable for the small retailer. The subsequent chain reaction of collateral damage which will in all likelihood result from this section alone should be enough to give this committee pause. Whether by intention or not, Section 10 (a) will sentence the small private liquor retailer to the same fate as the all but extinct neighborhood hardware and drug stores.



The capital required to expand or add more locations is intense. Only the large national chains will have the financial wherewithal to do so. They will also have the volume purchasing power to price the small retailer out of the market. While proponents will argue that this will result in a more competitive market and savings to the consumer, historically we know that these savings will be short lived.

With the small retailer out of the way the consumer's options will ultimately become limited and any momentary improvement in price will disappear. This scenario has repeated itself time and time again. At the same time the demise of the small retailers will in a much quicker fashion result in the domino effect of lost jobs, defaulted loans (both commercial and residential) and a further erosion in confidence by small businessmen across the state. Many of whom see programs as "The First Five" as a continued emphasis on big business.

Bills such 5021 dilute the value of such programs and are seen as just another incentive given for the entry of more big businesses. Big businesses which in cases such as this take their profits out of Connecticut. As opposed to the small retailer who does everything in Connecticut.

We offer you the recommendations from one our members who is a 50 plus year veteran small retailer in this industry.

- Lower the Excise Tax which was raised last year
- Eliminate the sales tax (match Massachusetts)
- Focus legislative efforts on the suppliers wholesale pricing tactics

In closing, small business and jobs was the battle cry for the special session this past fall. Support of HB 5021 runs counter to those efforts and sends the message that the rhetoric of that session was just more empty promises. We hope that's not true.

Thank you for the opportunity to speak before you this today and I am happy to answer any questions that you may have regarding this issue.

Michael D. Nicastro
President & Chief Executive Officer
Central Connecticut Chambers of Commerce